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Opportunities To Reduce the Cost of Government Vehicle Operations. LCD-77-215; B-158712. February 28, 1978. 23 pp. + 7 appendices (29 pp.).

Report to Joel W. Solomon, Administrator, General Services Administration; by Fred J. Shafer, Director, Logistics and Communications Div.

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Congressional Relevance: House Committee on Public Works and Transportation; Senate Committee on Environment and Public Works.

Authority: (40 U.S.C. 491; P.L. 83-766). Executive Order 10579.

P.L. 83-766 and Executive Order 10579, issued in 1954, authorized the Administrator of the General Services Administration (GSA) to consolidate, take over, acquire, or arrange for the operation by any executive agency of motor vehicles for the purpose of establishing, maintaining, and operating interagency motor vehicle pools or systems. Findings/Conclusions: GSA has had some success in consolidating agency vehicle fleets into 100 interagency motor pools, but additional consolidation could save more money. From a review of eight motor pool operations, it was estimated that \$743,000 could be saved annually if these operations were included in the interagency system. GSA maintains that it did not absorb the motor pools because of funding limitations which prevent feasibility studies. Other deficiencies noted were: GSA has not restudied exemptions and deferrals granted as long as 15 years ago to agencies, allowing them to operate separate motor pools; it is not providing enough vehicles to meet agency requirements, resulting in agency use of commercial leasing or purchase of vehicles; and GSA has leased rather than purchased vehicles when purchase could have save \$5.5 million. Recommendations: The Administrator of GSA should: inform the Congress and the Office of Management and Budget (OMB) whenever funding limitations impede efforts to make feasibility studies and establish motor pools; direct that previous conditional exemptions and deferrals granted agencies be restudied; refuse to grant exemptions or deferrals, thereby requiring agencies opposing consolidation to justify their positions to OMB; and establish a program to replace leased vehicles with Government-owned vehicles. If

additional funds are needed to replace overage and leased vehicles, GSA should prepare a financial plan to support any request for additional appropriations. (HTW)

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UNITED STATES  
GENERAL ACCOUNTING OFFICE

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3/28/78

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## Opportunities To Reduce The Cost Of Government Vehicle Operations

The General Services Administration could do more to carry out its responsibilities for consolidating agency motor vehicle fleets and motor pools. Although 100 interagency motor pools have been established, further consolidations are possible.

General Services could save millions of dollars by purchasing vehicles and furnishing them to agencies instead of leasing them.

FEBRUARY 28, 1978



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

LOGISTICS AND COMMUNICATIONS  
DIVISION

B-158712

The Honorable Joel W. Solomon  
Administrator of General Services

Dear Mr. Solomon:

This report discusses the potential for General Services to consolidate agency motor pools with its interagency motor pool system. Also discussed is the need for General Services to obtain the funds required to replace coverage and leased vehicles.

The report contains recommendations to you on page 18. As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House Committee on Government Operations and the Senate Committee on Governmental Affairs not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We are sending copies of this report to the Secretaries of Agriculture and Defense; the Acting Director, Office of Management and Budget; the Chairmen, Senate Committees on Governmental Affairs and on Environment and Public Works and House Committees on Government Operations and on Public Works and Transportation; and Representatives L. H. Fountain and Norman D. Dicks.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "F. J. Shafer".

F. J. Shafer  
Director

GENERAL ACCOUNTING OFFICE  
REPORT TO THE  
ADMINISTRATOR OF  
GENERAL SERVICES

OPPORTUNITIES TO REDUCE  
THE COST OF GOVERNMENT  
VEHICLE OPERATIONS

D I G E S T

Congressional intent is that the General Services Administration economize in using Government motor vehicles by operating centralized motor pools in lieu of individual agency fleets. (See Public Law 83-766.)

General Services has had some success in consolidating agency vehicle fleets into 100 interagency motor pools since enactment of the law in 1954. However, additional consolidations of agency motor pools could save much more money annually.

GAO recommends that the Administrator of General Services:

- Inform the Congress and the Office of Management and Budget whenever General Services efforts to make feasibility studies and establish motor pools validated in studies are impeded by funding limitations.
- Direct that previous conditional exemptions and deferrals granted agencies be restudied to determine whether benefits or savings could now be derived by consolidating vehicle operations.
- Refuse to grant exemptions or deferrals from proposed consolidations, thereby requiring agencies opposing consolidation to justify their positions to the Office of Management and Budget as required by Executive order.
- Establish a program to replace leased vehicles with Government-owned vehicles.

If additional funds are needed to replace overage and leased vehicles, General Services

should prepare a financial plan to support any request for additional appropriations from the Congress. In view of the overall economies from Government ownership, GAO sees no objection to additional funding of General Services vehicle acquisitions. (See p. 18.)

Annual costs to operate Government vehicles could be substantially reduced if General Services would consolidate agency-operated motor pools and purchase enough vehicles to meet agency needs. (See pp. 3 and 12.)

Several Government agencies are operating their own motor pools. General Services is responsible for consolidating agency motor pools into its system when it determines that consolidation would achieve greater economy and efficiency and improved service.

GAO estimates that about \$743,000 could be saved annually if the eight separate agency motor pool operations that it reviewed were included in the General Services interagency motor pool system. (See pp. 1, 3, and 4.)

By taking over agency-operated motor pools, General Services could

- reduce space and personnel costs,
- perform maintenance in-house at less cost than contract maintenance used by some agencies, and
- reduce the number of vehicles needed by agencies. (See pp. 4 to 6.)

Although it is aware of the potential for savings, General Services has not absorbed the motor pools. General Services maintains that funding limitations have (1) precluded it from making feasibility studies and (2) prevented it from establishing interagency motor pools at locations where studies have shown that such pools would be beneficial.

In addition, General Services has not re-studied exemptions and deferrals granted as long as 15 years ago to agencies allowing them to operate separate motor pools. (See pp. 7 to 9.)

Also because of funding limitations, General Services is not providing enough vehicles to meet agency requirements. Thus, agencies have either engaged in costly commercial leasing or obtained funds from the Congress to purchase their own vehicles.

General Services has also contracted to lease 8,000 sedans over a 3-year period. It believes that leasing the vehicles for agencies' use will cost about \$16 million less than if the agencies leased independently. However, another \$5.5 million could have been saved had General Services purchased the vehicles instead of leasing them. (See ch. 3.)

General Services basically agreed with GAO's recommendations and said it would take corrective actions. Also, General Services has proposed legislative changes that will allow for replacement cost financing and for retention of earnings within the General Supply Fund. General Services feels that these changes represent solutions to the inter-agency motor pool systems' funding problems but that they will require several years after enactment to be fully implemented.

GAO agrees with the actions planned and taken. However, it believes that General Services should now advise the Congress and the Office of Management and Budget about the funds it needs to achieve savings through purchasing vehicles rather than waiting until legislative changes relieve the funding problems. (See pp. 18 and 19.)

Both the Department of Agriculture's Soil Conservation Service and the Department of the Army's Corps of Engineers are basically opposed to motor pool consolidation. They believe (1) they can operate their fleets at less cost than using interagency motor

pool vehicles, (2) additional administrative costs are incurred in the interagency motor pool system, and (3) General Services consolidation studies do not consider all relevant factors.

The Soil Conservation Service also disagreed with GAO's estimates of savings to be realized from consolidations, but it provided no specific information to support this disagreement. GAO stands by its estimates of the savings to be achieved at the specific locations examined.

GAO also believes that any disagreements between agencies and General Services over cost data and information used in consolidation studies should be brought to the attention of the Office of Management and Budget. (See pp. 19 to 21.)

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#### ABBREVIATIONS

GAO	General Accounting Office
GSA	General Services Administration
OMB	Office of Management and Budget
SCS	Soil Conservation Service

## CHAPTER 1

### INTRODUCTION

Before 1954 many Government agencies managed motor vehicle fleets and operated independent motor pools near each other.

In that year the Congress formalized its concern about the proliferation of agency vehicle fleets and motor pools and made the General Services Administration (GSA) responsible for developing a centralized management program for the Government's vehicle operations with the enactment of Public Law 766.

### AUTHORITY FOR ESTABLISHING INTERAGENCY MOTOR POOLS

Public Law 766, 83d Congress (40 U.S.C. 491), and Executive Order 10579, dated November 30, 1954 (19 F.R. 7925), authorized the Administrator of General Services to consolidate, take over, acquire, or arrange for the operation by any executive agency of motor vehicles for the purpose of establishing, maintaining, and operating interagency motor vehicle pools or systems. The law exempted military vehicles used principally within the confines of a post, camp, or depot; vehicles used for law enforcement; and special-purpose vehicles, such as those used for transporting mail, from consolidation. However, these vehicles can be consolidated into an interagency motor pool if the agency operating the vehicles so requests.

The law directs that the Administrator, in deciding whether to establish a pool, determine whether it would benefit the Government in terms of economy, efficiency, and service. To accomplish this, the Administrator is required to make studies in locations he selects to determine the advisability of establishing interagency motor vehicle pools. The studies are to compare costs of present and proposed operations and demonstrate that savings can be realized. Before initiating any study, the Administrator must give at least 30 days notice to the agencies to be studied and advise them of the approximate geographic area to be studied and date the study will begin.

If consolidation is feasible, the Administrator is responsible for preparing a formal plan outlining the personnel, vehicles, and other resources that the agencies are to provide to form the consolidated motor pool. A copy of

the plan is provided to each affected agency and the Director, Office of Management and Budget (OMB). The plan is considered effective 45 days after issuance. However, any participating agency can appeal and request an exemption from consolidation. Such appeals are made to the Director of OMB, who is to review the determination and make the final decision.

STATISTICS ON GOVERNMENT VEHICLES  
AND STATUS OF GSA MOTOR POOLS

Since the enactment of Public Law 766, GSA has established 100 interagency motor pools throughout the United States and Puerto Rico. GSA information shows that few agencies have appealed directly to OMB requesting an exemption.

As of June 30, 1975, there were over 420,000 commercially designed vehicles owned by 37 different Federal departments and agencies. In fiscal year 1975, these agencies spent \$140 million to purchase 57,000 new vehicles.

Nine Government departments and agencies had over 407,000 (about 97 percent) of the Government-owned vehicles, of which GSA operated about 72,000 in its interagency motor pools. We did not include Postal Service vehicles (over 115,000) in this review because most are used for transporting mail. (See app. I, which identifies the departments and agencies and number of vehicles as of June 30, 1975.)

GSA's Federal Supply Service is responsible for managing the motor pool program. Within the Supply Service, the Motor Equipment Services Division carries out the responsibilities; it essentially makes the feasibility studies, reviews and processes agency requests for additional vehicles, and develops information on vehicles that need to be replaced.

This report discusses the problems GSA is having in consolidating agency motor pool operations and in obtaining enough funds for the program. The funding problems have also forced GSA to lease vehicles commercially to meet agency vehicle requirements. This is a costly method of providing the vehicles.

## CHAPTER 2

### GSA NEEDS TO INCREASE ITS EFFORTS

#### TO ESTABLISH INTERAGENCY MOTOR POOLS

Although GSA has established 100 interagency motor pools since Public Law 766 was enacted, many agencies continue to operate vehicle fleets that should be consolidated into the interagency pool system. Since 1968 GSA has begun only a few studies to explore the feasibility of consolidating agency-managed fleets into its pool system and has formed only three new pools.

We reviewed 20 motor pools managed and operated by agencies and found that 8 could easily be merged into existing GSA-operated pools. Annual savings from such consolidations would be about \$743,000. Agencies are continuing to independently operate their motor pools because:

- GSA is making fewer studies to determine the feasibility of establishing interagency pools. This nullifies the intent of Public Law 766.
- GSA has not acted to establish interagency pools at locations where feasibility studies have shown that they would be cost beneficial.
- GSA has not required agencies opposing motor pools to formally justify their position and request exemption from OMB.

#### INTERAGENCY MOTOR POOLS OFFER OPERATIONAL AND COST ADVANTAGES

When two or more Government-owned motor pools are close to each other or can be controlled from a central location, they should be considered for consolidation. When such consolidation is feasible, it generally results in greater efficiency of vehicle pool operations and much lower personnel, space, and commercial maintenance costs. In addition, centralized operation and management of the consolidated pool often better meets the transportation needs of several agencies as opposed to one or two and may enable the Government to reduce its vehicle inventories.

With such savings in mind, we selected 20 agency-managed motor pools to determine if they could be consolidated into the GSA interagency motor pool system. We found eight pools

that could be consolidated. The following table summarizes the estimated savings that we believe could be achieved if GSA absorbed the agency-owned vehicles.

<u>Location of GSA interagency motor pool</u>	<u>Agency operating separate motor pool</u>	<u>Estimated annual savings from con- solidation</u>
Kansas City, Mo.	Corps of Engineers	\$100,000
St. Louis, Mo.	Corps of Engineers Defense Mapping Agency	41,000 15,000
Lincoln, Nebr.	Soil Conservation Service	13,000
Vicksburg, Miss.	Corps of Engineers Water- ways Experiment Station	37,000
Tulsa, Okla.	Corps of Engineers	65,000
Cocoa Beach, Fla.	Patrick Air Force Base Cape Canaveral Air Force Station	393,000 <u>79,000</u>
Total		<u>\$743,000</u>

The following examples highlight some of the benefits that would be achieved if motor pools were consolidated at these locations. More detailed summaries of our findings at each site are included in appendix II.

#### Reduced personnel costs

GSA estimated that it could operate the Patrick Air Force Base motor pool with 52 personnel, 32 fewer than the 84 personnel assigned by the Air Force. This would result in an annual savings to the Government of about \$393,000 in salaries and fringe benefits. An Air Force official at the base said that GSA's personnel estimate was realistic because most of the military mechanics are first-term enlistees who receive on-the-job training and because military duties reduce productive hours for military personnel.

### Reduced space costs

Leased space to service and maintain GSA interagency vehicles in Vicksburg, Mississippi, is about \$26,750. But if the Waterways Experiment Station motor pool at Vicksburg were consolidated with the interagency motor pool, GSA would not need this space. Instead, GSA could use the station's maintenance facility, which is large enough to maintain both station and interagency vehicles.

### Reduced vehicle maintenance costs

Since the GSA interagency motor pool at Tulsa, Oklahoma, does not have a maintenance facility, much of the maintenance is done by commercial garages. The Corps of Engineers also operates a motor pool in Tulsa--about a mile from GSA's motor pool--which is large enough to provide maintenance for both GSA and Corps vehicles. Consolidation of the two motor pools would be cost effective to the Government because GSA could do maintenance in-house at the Corps garage for vehicles used by 25 Federal departments and agencies that are presently sent to commercial garages. We were unable to compute an exact amount, but GSA officials estimated annual savings of about \$30,000 if maintenance was done in-house.

Consolidation would also benefit Corps vehicles in St. Louis that are maintained commercially. These vehicles could be maintained by the GSA interagency motor pool in St. Louis without additional personnel or space. In addition, GSA obtains parts at less than commercial cost and in-house labor is less expensive.

### Better service

Such benefits as improved service and convenience to interagency motor pool customers could also be achieved by consolidation. Consolidating the Defense Mapping Agency vehicles would provide a subpool facility in a more convenient location to interagency motor pool customers in south St. Louis, Missouri. Consolidating the Waterways Experiment Station's vehicles in Vicksburg, Mississippi, would enable the interagency motor pool to do more in-house work and would provide a dispatch facility at the Jackson Airport for all Federal employees. Currently, the station operates a shuttle service to the airport for its and the Corps' district office employees.

## Reduced vehicle inventory

Consolidations have historically resulted in agency vehicle inventory reductions. GSA officials review agency vehicle use when consolidating agency motor pools. The number of vehicles can be reduced because agencies have vehicles for occasional needs and for replacement vehicles when others are out of service. The GSA dispatch fleet can be used for these requirements, and as a result the inventory can be reduced.

GSA officials estimated the Waterways Experiment Station's vehicle inventory could be reduced. An Army Audit Agency report, dated August 12, 1974, stated that use of 80 vehicles costing about \$215,000 was below established standards. This report recommended that the station analyze vehicle use and determine the minimum number of vehicles needed. The station concurred in this recommendation, and indicated that three studies were made. However, station officials were unable to provide the studies and indicated that, after more than 2 years, the questions raised were still being studied.

Nine of the 42 Soil Conservation Service (SCS) vehicles at Lincoln, Nebraska, would not be needed based on their 1975 mileage and GSA's criteria of 12,000 miles a year per vehicle. GSA officials in Kansas City said that some of these vehicles probably would not be needed if they were consolidated into the interagency motor pool since dispatch vehicles could be used to meet occasional needs.

## GSA IS NULLIFYING THE INTENT OF PUBLIC LAW 766 BY CURTAILING MOTOR POOL CONSOLIDATION STUDIES

To establish interagency motor pools and systems as required by Public Law 766, GSA must have a dedicated program for making studies to determine where pools should be established or consolidated. Regulations in Executive Order 10579 stress the need for such studies and require that any decision to establish or consolidate motor pools be based on a study which compares costs of present and proposed operations and demonstrates that savings can be realized.

In the past few years, GSA has directed little effort to such studies. The following table shows the number of GSA studies in the last 4 calendar years and illustrates how the program is deteriorating.

	Studies initiated during			
	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>
GSA self-initiated	4	7	1	0
Initiated at agency request	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total	<u>6</u>	<u>8</u>	<u>2</u>	<u>1</u>

The 1974 figure for self-initiated studies is misleading because six of the studies never got beyond the preliminary stage and only limited information was developed. Also the self-initiated study made in 1975 concerned an area that GSA had looked into several times dating back to the early 1960s.

GSA officials responsible for feasibility studies said that funding limitations had precluded them from making additional studies. They admitted that there was potential for establishing more interagency motor pools and cited the Washington, D.C., area as a prime example. They said that Government agencies in Washington were operating some 4,000 vehicles that were not included in the GSA interagency pool system.

The funding limitations cited appear to be self-imposed. Nothing in recent appropriation hearings indicated that GSA had requested and was refused funds needed to survey the Government's vehicle fleet operations.

GSA HAS NOT ESTABLISHED INTERAGENCY  
POOLS CONFIRMED IN PRIOR STUDIES

The funding limitations cited above have not only curtailed the initiation of new studies but also prevented GSA from establishing interagency motor pools where feasibility studies have shown that a vehicle pool system would be cost beneficial.

Five of the GSA-initiated studies in 1973-74 showed that annual savings of about \$780,000 could be achieved by establishing interagency motor pools. The following table shows the locations selected for the proposed interagency pools and the estimated annual savings that would result.

<u>Location</u>	<u>Estimated annual savings</u>
Morgantown, W Va.	\$ 85,194
Juneau, Alaska	136,881
Rapid City, S. Dak.	337,569
Huron, S. Dak.	174,813
Savannah, Ga.	<u>44,969</u>
 Total	 <u>\$779,426</u>

Apparently, the Federal Supply Service did not have funds available to purchase vehicles, secure real estate, and hire personnel needed to operate the interagency pools recommended by the studies. As a result GSA did not forward any formal recommendations on these studies to the Director of OMB to take advantage of the potential savings. Much of the time and effort spent by GSA to make the studies may have been wasted because it did not recommend or initiate action to establish the pools. GSA officials told us in May 1977 that the information on which the studies are based is now considered outdated.

GSA SHOULD REQUIRE AGENCIES  
OPPOSING CONSOLIDATION TO  
JUSTIFY THEIR POSITION TO OMB

According to procedures in Executive Order 10579, after GSA has studied a geographical area and determined that a consolidated interagency pool should be established, the Administrator is to prepare and present to the Director of OMB a summary schedule of the proposed pool, detailing the records, facilities, personnel, and appropriations to be transferred by the executive agencies involved.

At the time the GSA study is forwarded to OMB, a copy is sent to each executive agency designated to participate in the pool. The consolidation becomes effective 45 days after the study is released. However, any participating agency may appeal or request that it be exempted from the proposed system by formally writing to OMB and presenting data supporting its position. OMB is required to review such appeals and decide--within 75 days--whether the agency should be exempted. OMB's decision is final.

Although many agency offices have resisted GSA attempts to include their vehicles in proposed interagency pools, only a few have been forced to formally appeal for exemption from OMB.

Recognizing that the appeal and review process for just one agency could delay the formation of an interagency pool, GSA has frequently eliminated opposing agencies from proposed pool systems by granting them temporary deferrals or exemptions while it attempted to resolve differences. This enabled GSA to expedite the formation of consolidated pools to serve other participating agencies. However, GSA has not later taken timely and aggressive followup action to encourage or require opposing agencies to join interagency pool systems. As a result many agencies continue to operate their vehicle fleets under deferrals and exemptions granted years ago. In fact, records indicate that 56 conditional deferrals and exemptions are still in effect and that many were granted 10 to 15 years ago.

We believe that GSA should restudy these cases and determine whether or not the agencies should include their vehicles in existing or new interagency pool systems. If GSA determines that consolidation is warranted, it should submit its determinations to OMB, thereby forcing agencies to formally justify why they should be exempted from participation.

The following examples illustrate the need for such action.

--GSA established the Vicksburg, Mississippi, interagency motor pool in 1960. At that time vehicles operated by the Corps of Engineers Waterways Experiment Station were temporarily excluded pending the outcome of a GSA and Department of Defense study to determine whether the station's vehicles should be exempt. GSA later deferred the station's vehicles on the premise that the station was a military installation. However, according to a local GSA official, the question as to whether the station is in fact a military installation has never been fully resolved. In 1975, GSA reconsidered its deferral and made another study to evaluate the merits of consolidating the station's vehicles into the interagency pool. The study noted the monetary savings, improved service, and reduced vehicle inventory that could be achieved and concluded that the Corps' vehicles should be consolidated in the pool. However, the Corps disagreed and GSA has not formally recommended the consolidation to OMB.

--The Corps of Engineers district office participated in a GSA study in early 1966 to determine the feasibility of establishing an interagency motor pool in Tulsa, Oklahoma. GSA's study recommended that 80

Corps vehicles be consolidated into the proposed pool. The Corps resisted this proposal and requested a 30-day extension to comment on the study, which GSA granted in July 1966. GSA excluded the Corps when it submitted its proposal for an interagency pool to OMB. After the 30-day extension was granted, the only evidence that GSA pursued consolidation were letters between the Corps and GSA officials in 1970, which documented a meeting between the GSA Administrator and the Chief of Engineers. In these letters GSA agreed that the Tulsa district Corps of Engineers office would remain exempt until the two agencies could resolve their differences. At the time of our review, the Tulsa district Corps of Engineers was still operating its own motor pool, although its district offices are located about 2 blocks from the interagency motor pool.

--In Kansas City, Missouri, the Corps of Engineers and GSA operate motor pools with maintenance and repair shops about a mile apart. OMB originally exempted the Corps motor pool from the interagency pool system established in 1956 because the Corps maintained special-purpose vehicles and earthmoving equipment. However, OMB noted in the exemption that, if conditions in the Corps' motor pool changed, the question of consolidation should be reopened. At the time of our review, the Corps was no longer maintaining special-purpose equipment at the Kansas City motor pool, but GSA had not restudied the feasibility of consolidating the Corps vehicles. We estimate that the Corps motor pool could be consolidated with GSA's interagency motor pool at an annual savings of about \$100,000 in personnel and leased space costs.

Since the Corps was planning to lease new space to relocate its motor pool activities, we recommended, in a March 12, 1976, letter, that GSA consider absorbing the Corps vehicle operations. In May 1977 we were told that GSA was going to formally recommend to OMB that Corps vehicles be merged into its interagency pool system.

--In 1964 the Department of Agriculture appealed to OMB to exempt the Soil Conservation Service and the Forest Service from proposed consolidated motor pool systems at six locations. OMB reviewed and denied the appeal at two locations--Trenton, New Jersey, and Burlington, Vermont--and instructed Agriculture to work with GSA to settle the remaining four cases on the basis

of the Trenton and Burlington decisions, noting that the circumstances were similar. In the ensuing 12 years, GSA and Agriculture have been unable to resolve their differences, and agency-managed motor pools continue to operate outside the interagency pool system.

Lest the above examples appear overly critical of the Corps of Engineers, we should point out that the Corps does participate in interagency motor pool systems. At two such locations--Omaha, Nebraska, and Little Rock, Arkansas--Corps officials were generally satisfied with the service provided by the interagency pool operation.

CHAPTER 3  
COSTLY COMMERCIAL LEASING AND  
AGENCY VEHICLE PURCHASES  
COULD BE REDUCED

For the past several years GSA has not obtained funds needed to purchase vehicles to meet agency requirements. As a result, agencies have either engaged in costly commercial leasing or obtained funds from the Congress to purchase vehicles. GSA estimated that it turned down agency requests for about 9,000 vehicles in fiscal year 1976.

GSA recently initiated a program to centrally lease 8,000 vehicles, which it will sublease to agencies. GSA estimates that, over a 3-year period, its centralized leasing will cost about \$16 million less than if agencies leased the vehicles independently. But, if GSA had bought the 8,000 vehicles and furnished them to agencies, another \$5.5 million would be saved over the same period.

Although GSA officials realize that costs are higher when agencies lease or purchase vehicles, they have not fully informed the Congress of this situation or requested funds needed to purchase additional vehicles.

GSA FUNDING PROBLEMS

As demonstrated by the following table, during fiscal years 1974-77, GSA has neither (1) replaced all vehicles in the interagency motor pool system that have exceeded its 6-year or 60,000-mile criteria nor (2) provided agencies with additional vehicles to meet their requirements for new and expanding programs.

<u>Fiscal year</u>	<u>Number of additional and replacement vehicles required</u>	<u>Number of vehicles purchased</u>	<u>Vehicle shortage</u>
1974	32,541		
1975	47,017	15,352	17,189
1976	48,133	8,885	38,132
1977	a/42,935	12,629	35,504
		b/15,000	

a/Represents only replacement vehicles.

b/Represents vehicles GSA planned to purchase.

As we reported in March 1975, 1/ GSA had a cash shortage in the General Supply Fund and did not have funds available to replace vehicles needed during calendar years 1975-77. Moreover, in renting vehicles to Government agencies, GSA is allowed to charge rates that recover only the original acquisition cost of a vehicle plus operating expenses. Inflation has increased GSA's need for funds to replace overage pool vehicles under GSA's 6-year or 60,000-mile criteria. For example, the cost of a sedan increased from about \$1,700 in 1969 to about \$3,000 in 1976.

In recent years additional funds have not been made available to cover the inflated prices. As a result GSA continues to have a large number of overage vehicles. Although GSA has allocated \$66.8 million from the General Supply Fund to purchase about 15,000 replacement vehicles in fiscal year 1977, about 27,000 vehicles will still be overage. Replacing overage vehicles is cost effective because of lower maintenance costs, lower fuel consumption, and higher return from disposal sale.

GSA said that, because it turned down agency requests for about 9,000 vehicles during fiscal year 1976, some agencies have obtained funds from the Congress to purchase the vehicles. For example, the Department of the Interior's Bureau of Land Management, which has been participating in the GSA interagency motor pool systems, purchased its vehicles because GSA could not provide them. In fiscal year 1975, GSA granted the Bureau waivers to purchase 214 vehicles, most of which were four-wheel drive vehicles with standard equipment. Bureau officials said that these vehicles would be transferred to the GSA motor pool system by June 30, 1977, depending on GSA's capability to furnish total Bureau vehicle requirements. In fiscal year 1976, GSA again granted the Bureau waivers to purchase another 239 vehicles at a cost of \$1,333,700. In both instances the Bureau succeeded in obtaining funds needed for the vehicles in its appropriation requests.

COMMERCIAL LEASING COSTS MORE  
THAN GOVERNMENT OWNERSHIP

Since GSA cannot provide vehicles to meet requests, it has authorized agencies and departments to lease vehicles

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1/"Operations of General Services Administration's General Supply Fund" (LCD-76-421, Mar. 19, 1976).

commercially. A GSA report shows that agencies spent about \$16 million in fiscal year 1975 to lease commercial vehicles. The following example shows the increased costs that result when agencies are forced to resort to commercial vehicle leasing.

During 1976 region 3 of the Forest Service leased 453 commercial vehicles after it had obtained waivers from GSA. If GSA had supplied the vehicles, at least \$456,000 and perhaps more than \$500,000 could have been saved. Our comparison of the costs of leasing vehicles commercially versus using GSA vehicles at 10 national forests in Arizona and New Mexico is shown in the following table.

Commercial rental cost for 453 vehicles and estimated costs for gas, oil, and maintenance	\$990,890
GSA rental charges, including gas, oil, maintenance, and administrative overhead (excluding severe use charges)	469,820
Estimated savings	<u>a/\$521,070</u>
Estimated savings assuming GSA imposed the severe use charge on all vehicles	<u>a/\$456,260</u>

a/As previously stated the GSA rental charges cannot be structured to recover the actual replacement cost of a vehicle. However, even if the rates were increased to include inflation costs, it would still be cheaper to use GSA-provided vehicles.

For this comparison we used either bid invitation data or individual schedules provided by the Forest Service that showed monthly commercial rental rates, mileage included in the rate, and months in the forest, by vehicle, during calendar year 1976 through September. Therefore, the estimate is generally based on planned periods of rental for the New Mexico forests, as shown in bid invitations, and on reported months of use through September 1976 for the Arizona forests.

#### GSA commercial lease program

GSA has resorted to leasing vehicles commercially to supplement its interagency motor pools on the premise that centralized leasing would be more cost effective than decentralized leasing by the agencies. In October 1975, GSA began a pilot program to study the feasibility of a centralized

leasing plan, and in December 1975, it leased 200 sedans, which it then subleased to customer agencies. GSA did not prepare an analysis comparing the cost of leasing to the cost of ownership.

Also, in December 1975 GSA began to study the feasibility of leasing 8,000 additional sedans. That figure was based on the number of agency requests that GSA was considering at that time. Only two firms responded to GSA's solicitation for bids, and only one offered a lease rate. The other firm responding to the solicitation refused to quote a lease rate; it stated that, in view of the price at which the Government purchases vehicles, leasing was too costly an alternative. The comment is valid. The amount the Government can pay for a new vehicle is limited by law. To comply with this limitation, the Government buys large quantities of austere vehicles. As a result, the Government purchase price is well below commercial prices.

In March 1976 GSA officials told the Subcommittee on the Treasury, Postal Service, and General Government, Senate Committee on Appropriations, that the cost of leasing the 8,000 vehicles would exceed Government ownership by only \$5 per month per vehicle. But a GSA cost analysis furnished to OMB in May 1976 showed that leasing costs exceeded ownership costs by about \$19 per month per vehicle, or about \$5.5 million over the proposed 3-year lease period. The following table shows the results of this analysis.

<u>Method of providing vehicles</u>	<u>Cost per vehicle per month (note a)</u>	<u>Cost for 8,000 vehicles for 3 years</u>
Decentralized agency leasing	\$128.49	\$37,005,120
GSA centralized leasing	71.36	20,551,680
Government ownership	52.15	15,019,200

a/The above figures are leasing and purchase costs only. Fuel, maintenance, and administrative overhead costs are not included.

GSA justified leasing the 8,000 sedans on the basis that centralized leasing would be less costly than individual agency leasing. In a letter dated October 15, 1976, GSA expressed

the view that, although leasing is more expensive than ownership, it would be substantially more cost effective than authorizing individual agencies to lease vehicles.

GSA proposed its plan to OMB, which on December 3, 1976, told GSA that it concurred with the plan and recommended implementation. According to OMB, it supported the centralized leasing proposal only as an interim solution to satisfy immediate agency requirements and told GSA to try to establish a viable purchasing cycle for future vehicle procurement.

In May 1977 GSA officials told us that a contract was awarded to lease 5,800 sedans with an option to increase the number to 8,000.

## CHAPTER 4

### CONCLUSIONS, RECOMMENDATIONS, AGENCY COMMENTS, AND OUR EVALUATION

#### CONCLUSIONS

The Government has already benefited by consolidating agency vehicles into 100 interagency motor pools since the enactment of Public Law 83-766 in 1954. However, opportunities exist for additional consolidations of agency motor pools that would result in substantial annual savings to the Government.

Improvement is needed in planning for motor pool consolidations and in making studies to determine the feasibility of consolidating agency vehicles to insure that decisions and priorities for future consolidations are made on a sound basis. The Government's interest could be best served by consolidating motor pools where feasible.

In the past few years GSA has directed little effort to making motor pool studies and in some cases has not established interagency motor pools confirmed in studies. The agency has noted that funding limitations have hindered them in these areas. GSA should inform the Congress and OMB that a lack of funds is precluding it from carrying out the intent of Public Law 766 and Executive Order 10579.

Because GSA has historically deferred or exempted agencies opposing consolidation, many agencies continue to operate their own vehicle fleets. GSA should restudy those cases and effect consolidations where feasible. If agencies oppose consolidation GSA should submit its determinations to OMB and require agencies to formally justify why they should be exempted.

The Government can save more money if replacement and additional vehicles are procured by the most economical method. GSA should initiate action to purchase Government vehicles in lieu of leasing them when they will be needed for extended periods and purchasing will save money.

## RECOMMENDATIONS

We recommend that the Administrator of General Services:

- Inform the Congress and OMB whenever GSA's efforts to make feasibility studies and establish motor pools validated in studies are impeded by funding limitations.
- Direct that previous conditional exemptions and deferrals granted agencies be restudied to determine whether benefits or savings could now be derived by consolidating vehicle operations.
- Refuse to grant exemptions or deferrals from proposed consolidations, thereby requiring agencies opposing consolidation to justify their positions to OMB as required by Executive order.
- Establish a program to replace leased vehicles with Government-owned vehicles.

If additional funds are needed to replace overage and leased vehicles, GSA should prepare a financial plan to support any request for additional appropriations from the Congress. In view of the overall economies from Government ownership, we see no objection to additional funding of GSA vehicle acquisitions.

## AGENCY COMMENTS AND OUR EVALUATION

In a September 15, 1977, letter (see app. III), GSA basically agreed with our recommendations and said it would take corrective actions.

GSA has recently proposed legislative changes that will allow for replacement cost financing and for retention of earnings within the General Supply Fund. GSA said these changes represent solutions to the interagency motor pool systems' funding problem but will require several years after enactment to be fully implemented. The changes have been presented to OMB for review before submission to the Congress.

GSA also intends to:

- Institute plans for a nationwide, agency-by-agency consolidation of administrative vehicles which will insure that enough personnel will be transferred to

GSA and that consolidations will be phased in slowly enough so GSA can absorb the new workload while maintaining high-quality service.

--Direct GSA's regional offices to review previous vehicle exemptions with a view toward possible consolidations.

--When exemptions are no longer justified and GSA and the agencies cannot reach agreement, refer the question of continued exemption to OMB for resolution.

--Since OMB and GSA realize that leasing is more expensive than ownership and is to be considered only an interim solution, replace the leased vehicles with Government-owned ones as soon as the above noted legislative changes relieve the funding problem.

We agree with GSA's completed and planned actions; however, GSA should not wait until the proposed legislative changes relieve the funding problems to begin replacing the leased vehicles with Government-owned ones. We believe that GSA should advise the Congress and OMB now about the funds it needs to effect savings through purchasing vehicles. Otherwise, GSA will continue to lease vehicles and the Government will continue to incur unnecessary costs.

By letter dated September 30, 1977 (see app. IV), the Department of Agriculture's Forest Service and Soil Conservation Service commented on our draft report.

The Forest Service felt it should be included in GSA motor pools when program performance can be effectively supported and costs prove to be economical for the Government. The Forest Service explained that it participates in many such pools and that this has generally proven to be economical. We agree that agency vehicles should only be included in the GSA motor pool system when the costs prove economical.

SCS basically disagreed with our conclusion that consolidating agency motor pools into GSA's interagency motor pool system saves the Government a lot of money annually. SCS said that its data shows that it can operate its fleet at much lower costs than under GSA's system. According to SCS, it is participating in 54 GSA motor pools and for fiscal year 1976 SCS paid 13.7 cents per mile to operate GSA vehicles while operating its own vehicles at an average cost of 9.77 cents per mile.

A comparison of costs between existing GSA motor pools and agency fleets was not within the scope of this review. However, SCS's cost figures relate to its total vehicle fleet operations rather than a specific location. As demonstrated in appendix II, savings are possible through consolidation when two or more Government-owned motor pools are near one another or can be controlled from a central location.

In commenting on our recommendation that GSA compel agencies opposing motor pool consolidation to justify their position to OMB, SCS referred to the Department of Agriculture appeal to OMB in 1964 to exempt SCS and the Forest Service from proposed consolidated motor pool systems at six different locations. SCS said the final decision on this matter has never been made. On page 10 of this report we point out that OMB reviewed and denied the appeal at two locations and instructed Agriculture and GSA to settle the remaining cases on the basis of the similar circumstances in the two cases decided. However, in the ensuing 12 years GSA and Agriculture have been unable to resolve their differences. We believe that if they had gone back to OMB after failing to settle their differences, these cases would have been decided years ago. GSA and SCS should go back to OMB now and explain why the remaining cases have not been settled. At that time SCS can also present its cost data for OMB evaluation.

SCS commented on its motor pool at Lincoln, Nebraska, which we discuss in this report. SCS referred to our comment on page 28 that it did not have an exemption from GSA or OMB excluding its vehicles from the Lincoln motor pool. SCS said that it has been temporarily exempted from all motor pools by GSA since 1966. According to Executive Order 10579, exemptions can only be granted by the Director of OMB. As discussed on page 9, recognizing that the appeal and review process for one agency could delay the formation of an inter-agency motor pool, GSA frequently granted opposing agencies temporary deferrals or exemptions. The temporary exemption granted to SCS at Lincoln and all other temporary deferrals and exemptions granted by GSA were not in the Government's best interests because they delayed resolution of the cases and achievement of the desired economies. GSA should restudy these cases to determine whether benefits or savings could now be derived by consolidating vehicle operations. If GSA determines that consolidation is warranted and agencies disagree, the matter should be referred to OMB.

SCS also commented that GSA consolidation studies do not reflect existing conditions and that figures are merely filled into a standard format. We agree. In an August 31, 1977,

letter to the Commissioner of GSA's Federal Supply Service, we reported that GSA needs to make its consolidation studies more accurate. We pointed out that the studies include costs that have no real bearing on comparative cost operations and tend to overstate potential savings. When potential savings are overstated, the credibility of GSA studies is reduced and agency opposition to proposed consolidation may be provoked.

The Army's Corps of Engineers comments of October 6, 1977 (see app. VI), said that the Corps incurs additional administrative costs when participating in GSA motor pools and that GSA studies do not consider all relevant information. The Corps cited the following examples of significant data not considered by GSA studies:

1. At Kansas City GSA recommended that the Corps' drill rig vehicle storage facility be relocated from a fenced parking lot on Walnut Street to a GSA facility 17.5 miles away. However, the drill crews, drill rig vehicle maintenance, and drill rig warehousing would remain on Walnut Street.

Also, GSA proposed closing the Corps motor pool, storage, dispatch, and maintenance facility on Walnut Street and transferring 120 Corps-owned vehicles to the GSA facility. However, GSA did not consider that the Corps supports 540 Corps-owned vehicles. The other 420 field vehicles would still have to be supported.

2. At the Waterways Experiment Station, Vicksburg, Mississippi, GSA did not consider the Corps concern (1) about GSA's planned use of the station's facilities without any provision for reimbursement, (2) that the station's maintenance and storage facilities could not accommodate a fleet of the size GSA planned to support, and (3) that the proposed relocation of the interagency motor pool would impair the planned expansion and new missions at the station.

As mentioned above, we realize that the studies do not reflect actual conditions and that GSA needs to improve the accuracy of its consolidation studies. Costs of operating the GSA motor pools were not evaluated during this review; thus, we cannot comment on the administrative costs the Corps says it incurring. However, any disagreements with GSA consolidation studies that cannot be settled within a reasonable time should be referred to OMB.

## CHAPTER 5

### SCOPE OF REVIEW

Our review focused on selected motor pool operations and concentrations of Government-owned vehicles that (1) appeared to have potential for consolidation into GSA's interagency motor pools or systems or (2) were leasing or planning to lease large numbers of vehicles. The sites selected and departments and agencies affected are listed below.

<u>Location</u>	<u>Department or agency</u>
Kansas City, Mo.	General Services Administration Department of Defense: U.S. Army, Corps of Engineers--Civil Division
Lincoln, Nebr.	General Services Administration Department of Agriculture: Soil Conservation Service
Omaha, Nebr.	General Services Administration Department of Defense: U.S. Army, Corps of Engineers--Civil Division U.S. Air Force--Offutt Air Force Base
Des Moines, Iowa	General Services Administration Department of Agriculture: Soil Conservation Service
St. Louis, Mo.	General Services Administration Department of Defense: Defense Mapping Agency U.S. Army, Corps of Engineers--Civil Division
Salina, Kans.	General Services Administration Department of Agriculture: Soil Conservation Service Department of the Interior: U.S. Geological Survey
Tulsa, Okla.	General Services Administration Department of Defense: U.S. Army, Corps of Engineers--Civil Division
Russellville, Ark.	General Services Administration Department of Defense: U.S. Army, Corps of Engineers--Civil Division Department of Agriculture: U.S. Forest Service Department of the Interior: U.S. Fish & Wildlife Service
Vicksburg, Miss.	General Services Administration Department of Defense: U.S. Army, Corps of Engineers--Civil Division U.S. Army, Corps of Engineers, Waterways Experimental Station
Galveston, Tex.	General Services Administration Department of Defense: U.S. Army, Corps of Engineers--Civil Division
Cocoa Beach/Kennedy Space Center, Fla.	General Services Administration Department of Defense: U.S. Air Force--Patrick Air Force Base U.S. Air Force--Cape Canaveral Air Force Station
Albuquerque, N.Mex.	General Services Administration Department of Agriculture: Forest Service
Denver, Colo.	General Services Administration Department of the Interior: Bureau of Land Management

We examined selected records relating to motor pool operation and maintenance, analyzed vehicle cost data, and interviewed officials at the headquarters and installations visited.

Motor vehicles regularly used to distribute and transport mail are primarily special-purpose vehicles; therefore, we did not include the U.S. Postal Service fleet in our review.

GOVERNMENT DEPARTMENTS AND AGENCIESWITH FLEETS OF 2,000 OR MORE VEHICLESAS OF JUNE 30, 1975

<u>Agency</u>	<u>Number of vehicles</u>
Department of the Treasury	4,898
Department of Justice	9,830
Department of the Interior	11,601
Department of Agriculture	29,477
Energy Research and Development Administration	9,399
General Services Administration	72,102
Tennessee Valley Authority	3,162
U.S. Postal Service	<u>115,133</u>
	<u>255,602</u>
Department of Defense:	
Army	65,937
Navy	36,841
Air Force	43,162
Civil Works, Corps of Engineers	<u>6,123</u>
	<u>152,063</u>
Total	<u>a/407,665</u>

a/Trailers, trailer-vans, motorcycles, firetrucks, trucks with permanently mounted special equipment, special-purpose vehicles, and military (tactical) design vehicles are not included.

SITES VISITED WHERE SAVINGSWOULD RESULT FROM CONSOLIDATIONKANSAS CITY, MISSOURI

In Kansas City the Corps of Engineers and the General Services Administration operate separate motor pools with maintenance and repair shops about a mile apart. The Office of Management and Budget originally exempted the Corps in 1956 because of the heavy equipment maintained at its motor pool. However, OMB noted in the exemption that, if conditions at the Corps' pool were to change significantly, the question of consolidation might be reopened. Conditions have changed, and the Corps staff now does maintenance almost exclusively on motor vehicles. However, GSA had not restudied the feasibility of consolidating the two motor pools.

The Corps operates a garage and parking lot where total or partial maintenance is provided for 167 motor vehicles. Because the garage is about a mile from the district office, a shuttle service is required to provide vehicles to Corps employees. The GSA motor pool, on the other hand, is in the same building as the Corps' district office.

The Corps garage, which has 12,612 square feet of usable space, is leased from a private owner for \$6,000 per year. GSA determined in October 1975 that the garage does not meet minimum accident and fire safety standards. Therefore, the Corps has requested new space to replace the garage. The Corps also rents a parking lot across the street for \$6,000 per year.

The Corps has 10 staff members who spend most of their time on motor pool vehicles. Salary costs for these employees were as follows:

	<u>Position</u>	<u>Salary</u>
1	Chief	\$ 14,829
2	Clerks	20,349
5	Mechanics	63,045
2	Administrative personnel	<u>26,885</u>
		<u>\$125,108</u>

A GSA motor pool official said that adding 167 Corps vehicles to the GSA motor pool would not necessitate hiring additional staff. According to him, parking could be provided

on an existing Government-owned lot and maintenance would be provided by contract or by GSA employees, when available. All other operating costs, such as depreciation, fuel, tires, and repair parts, would be the same.

We estimated the cost of adding the Corps' vehicles to GSA's motor pool using the Corps' average mileage by vehicle type for each of the 167 vehicles maintained by the Corps' garage in Kansas City and the applicable GSA labor maintenance rates for June 1975. The Corps performs total maintenance on 105 vehicles and partial maintenance on 62 vehicles. However, we could not determine the outside maintenance costs for these 62 vehicles from the Corps' accounts; the savings would be greater if these costs were included.

The estimated annual savings to the Government if GSA furnished 167 vehicles to the Corps would be as follows:

Corps costs to be eliminated:		
Garage	\$ 6,000	
Parking lot	6,600	
Labor	<u>125,108</u>	\$137,708
GSA incremental costs:		
In-house and contract maintenance		<u>38,181</u>
Annual savings to the Government		<u>\$ 99,527</u>

As a result of the Corps' request to the Public Buildings Service for new lease space to relocate its motor pool activities, on March 12, 1976, we sent a letter to the Administrator of General Services recommending that GSA consider consolidating the Corps' vehicle operation into the Kansas City GSA interagency motor pool. GSA agreed to restudy this matter.

#### ST. LOUIS, MISSOURI

The St. Louis GSA interagency motor pool was established in 1959. At that time GSA deferred all military-owned vehicles, including those of the Corps of Engineers and the Defense Mapping Agency. However, these vehicles are not used within the confines of a post, camp, or depot and therefore are not exempt under the law.

Corps of Engineers

The Corps has 254 general-purpose vehicles, 43 of which are garaged in St. Louis. The Corps employs two automotive inspectors who do not perform any maintenance or repair work. All of the Corps vehicles are maintained and repaired by commercial garages. The Corps' automotive inspectors give drivers' tests and inspect work done by commercial garages. Neither function would be needed if GSA consolidated the Corps' vehicles. The Corps also employs a clerk dispatcher, who maintains vehicle records and dispatches vehicles.

Salary costs and positions that could be eliminated if GSA were to consolidate the Corps vehicles are as follows:

<u>Position</u>	<u>Salary</u>
Automotive inspector, WG-11	\$15,080
Automotive inspector, WG-10	14,560
Clerk dispatcher, GS-5	<u>11,309</u>
	<u>\$40,949</u>

GSA officials at the St. Louis interagency motor pool advised us that consolidating the 254 general-purpose vehicles would not result in additional fixed or overhead expenses to GSA. Only the 43 vehicles in St. Louis would be maintained by the interagency pool; the rest would still be maintained commercially. Therefore, GSA would not incur increased costs.

Parking space is not available at the interagency motor pool for 43 vehicles. Therefore, the Corps would continue to lease its present parking space, and no inconvenience would result.

Defense Mapping Agency

A study by Defense Mapping Agency officials in St. Louis made just before our review showed that GSA could provide vehicles at less cost and also reduce the vehicle inventory. As a result, the officials favored consolidation with the interagency motor pool.

Defense Mapping Agency officials said that one automotive mechanic position could be eliminated if consolidation occurred, and GSA officials agreed. The annual savings to the Government would be about \$14,600. Agency officials also stated that the general-purpose vehicle inventory could probably be reduced from 24 to 20 through consolidation.

If GSA operated the Defense Mapping Agency maintenance facility as a subpool, GSA officials believe they could do more in-house maintenance and provide better service to other interagency vehicle users. The Agency facility would be more convenient than the downtown GSA interagency motor pool to such vehicle users as the Coast Guard and the Veterans Administration, which have vehicles in that area.

#### LINCOLN, NEBRASKA

The Soil Conservation Service operates a motor pool and maintenance facility in leased space 4 blocks from the GSA interagency motor pool in Lincoln. SCS also leases parking space at the interagency pool. The SCS motor pool services 42 vehicles in Lincoln, 5 in Omaha, and 293 at various field offices throughout the State. The interagency motor pool was established as a subpool of the Omaha GSA interagency motor pool in July 1975. The SCS State headquarters office did not have an exemption from GSA or OMB excluding its vehicles from the interagency pool. According to GSA officials, SCS vehicles were not considered for consolidation because SCS has historically opposed participating in the system.

SCS employs two automotive inspectors to do oil changes, tuneups, and minor repairs for the 42 vehicles at Lincoln and the 5 at Omaha. Also, one inspector's time is spent providing similar service to the other 293 vehicles in the State. SCS vehicles are shuttled between the interagency parking space and the SCS facility for maintenance and repair. The GSA interagency motor pools could maintain the 47 vehicles in Lincoln and Omaha without additional personnel or space costs. One automotive inspector position at SCS could be eliminated at an annual savings of \$13,312. The other SCS inspector would continue providing maintenance to the other SCS vehicles.

The inventory of SCS vehicles at Lincoln could be reduced based on GSA's 12,000-mile vehicle use standards. During 1975, 9 of the 42 vehicles at Lincoln were driven between 3,000 and 7,000 miles. Vehicles from the GSA interagency dispatch fleet could be used for occasional needs.

#### VICKSBURG, MISSISSIPPI

The Vicksburg interagency motor pool was established in 1960, after a GSA study showed that savings and better service could be realized through consolidation. Vehicles operated by the Corps of Engineers' Waterways Experiment Station were temporarily excluded pending the outcome of a GSA and

Department of Defense study to determine whether the station's vehicles should be exempt. GSA later deferred the station's vehicles on the basis that the station was a military installation. However, according to a local GSA official, that issue has never been fully resolved. In our opinion, the station is not a military post, camp, or depot.

In 1975 GSA region 4 reconsidered the station's deferral and studied the feasibility of consolidating the station's vehicles with the Vicksburg interagency motor pool. About \$37,000 could be saved annually through such a consolidation. The savings from reduction in personnel and space cost are as follows:

GSA space not required at Vicksburg	\$26,750
Less: lease space at Jackson Airport	<u>3,500</u>
	23,250
Savings from reduction in personnel	<u>13,800</u>
Total savings	<u>\$37,050</u>

The estimated annual cost to lease commercial space for the GSA motor pool in Vicksburg is \$26,750. If the station and interagency motor pools were consolidated, GSA would not need this space. GSA officials said that the station's maintenance facility would be adequate for servicing the combined fleet. Much of the maintenance and repair of interagency vehicles is now done commercially because GSA's maintenance facilities are inadequate. The interagency pool could do more in-house maintenance and repair at less cost if it used the station's maintenance facility.

The interagency pool would incur an additional \$3,500 annual lease cost to establish an interagency dispatch facility at the Jackson Airport. This facility would provide vehicles for transportation to and from the airport on a drive-yourself basis for all Federal agency employees. This would eliminate the need for the station's current chauffeur service to and from the airport and would be more convenient for other agencies.

As a result of consolidation, eight positions at the station would be transferred to the interagency motor pool and five chauffeur positions could be eliminated. The interagency pool would employ four additional personnel--one assistant manager, two dispatchers, and one automotive mechanic.

Additional personnel would enable the pool to perform more in-house maintenance and provide increased service to inter-agency vehicle users.

The following table shows the savings in personnel costs:

	<u>Annual salary and benefits</u>	<u>Total</u>
Positions to be eliminated:		
5 chauffeurs	\$61,645	\$61,645
Positions to be added:		
Assistant manager	15,221	
2 dispatchers	20,152	
Automotive mechanic	<u>12,470</u>	<u>47,843</u>
Annual saving in personnel costs		<u>\$13,802</u>

In addition, other personnel at the station spend part of their time in vehicle-related duties. Although their positions would not be eliminated, these employees would have more time to devote to other duties if GSA furnished vehicles to the station.

Consolidations in GSA region 4 historically have resulted in agency vehicle inventory reductions, and GSA officials believed that the station vehicle inventory could also be reduced. This belief is substantiated by an August 12, 1974, Army Audit Agency report. The report said that the number of administrative-use vehicles at the station exceeded the minimum needed to provide transportation services. Use of 80 vehicles costing about \$215,000 was well below established standards. This report recommended that the station analyze vehicle use and determine the minimum number of vehicles needed. The station agreed and indicated that three studies were performed. However, station officials were unable to provide us with these studies and indicated that after more than 2 years the questions raised by the Army Audit Agency were still being studied.

#### TULSA, OKLAHOMA

The Tulsa-Muskogee interagency motor pool was established in 1966. The Tulsa district Corps of Engineers, along with other Federal agencies, participated in the motor vehicle survey to determine the need for such a pool. The GSA

determination reported that 80 Corps vehicles would be consolidated into the interagency motor system. However, GSA granted the Corps a 30-day extension to reply to the determination.

In the 10 years since the extension was granted, the only evidence that GSA pursued consolidation was a series of letters between the Corps and GSA in 1970. These letters documented a meeting between the Administrator of General Services and the Corps in which GSA agreed that the Tulsa district Corps of Engineers would remain exempt until the two agencies could resolve their differences. In May 1976 the Corps still operated a motor pool even though consolidation would greatly reduce costs.

The Tulsa interagency motor pool leases 232 vehicles to 25 Federal agencies and departments and operates a dispatch fleet of 28 vehicles. GSA does not have a maintenance facility but does have an automotive mechanic and a student helper who do some maintenance and minor repairs while working outside in the parking lot. As a result a lot of maintenance and repair is performed by commercial garages, especially during the winter when it is too cold to work outside.

The Corps motor pool is in leased space about 6 blocks from the GSA interagency motor pool. The Corps employs an automotive mechanic and a helper to perform minor repairs for 55 general-purpose vehicles as well as a clerk to maintain vehicle records and dispatch vehicles.

The three employees used in the Corps' motor pool operations would not be needed if the two motor pools were consolidated. The savings in personnel costs would be as follows:

	<u>Annual salary</u>
Corps costs to be eliminated:	
Position:	
Auto mechanic	\$17,132
Auto mechanic helper	12,637
Clerk	<u>8,995</u>
	\$38,764
GSA incremental costs:	
Direct and indirect labor	<u>3,932</u>
Annual savings to the Government	<u><u>\$34,832</u></u>

Consolidation would also be more economical because GSA could do maintenance at the Corps facility that is presently done by commercial garages. We were unable to compute an exact amount, but GSA officials estimated an annual savings of about \$30,000 if maintenance was done in-house.

PATRICK AIR FORCE BASE AND CAPE  
CANAVERAL AIR FORCE STATION, FLORIDA

GSA region 4 studied the feasibility of consolidating motor pool operations in the Cape Kennedy area at the request of the Air Force Systems Command. The study included three separate motor pools--one operated by GSA at the John F. Kennedy Space Center; one operated by the Air Force at Patrick Air Force Base; and one operated by Pan American World Airways, the Air Force Range Contractor, at the Cape Canaveral Air Force Station. GSA concluded from a survey made in July and August of 1974 that it would be economically feasible to support vehicle requirements at Patrick and Cape Canaveral through two new GSA interagency motor pools. However, the Air Force rejected the proposal because GSA would not support special-purpose vehicles.

In September 1975 the Systems Command recommended that GSA analyze the requirements for providing total support for both general- and special-purpose vehicles. GSA made a study during April and May 1976 and again concluded that it was feasible to consolidate Air Force operations into the GSA interagency motor pool, including maintenance of special-purpose vehicles.

The GSA motor pool is located about 27 miles from Patrick and 6 miles from Cape Canaveral. Because of the distance between motor pools, GSA proposed establishing three motor pools, one at Patrick, one at Cape Canaveral, and one at the Kennedy Space Center. Each motor pool would be under the control of a manager. An area manager would supervise and coordinate the three motor pools. Where practical, specialty shops, such as the paint, body, and radiator repair shops, would be combined for a more efficient workflow and effective maintenance. General-purpose vehicles would be transferred to GSA. Special-purpose and military equipment would remain the property of the agency that presently owns it, and GSA would provide maintenance, repair, and other support on a reimbursable basis.

Patrick facility

The Patrick motor pool maintains 310 general-purpose and 450 special-purpose vehicles assigned to the base and 146 vehicles owned by tenant agencies on a reimbursable basis. Maintenance facilities include such specialty shops as paint, body, and radiator shops. Virtually all maintenance and repair is done in-house.

GSA compared the Air Force's cost to GSA-estimated rental charges for general-purpose vehicles. Air Force cost data did not include depreciation or departmental overhead, so GSA estimated these costs. Based on this comparison, GSA estimated an annual savings of \$372,000. GSA also proposed to maintain special-purpose equipment on a reimbursable basis.

GSA estimated that it could operate the Patrick motor pool with 52 employees, including 19 to maintain special-purpose equipment. An Air Force official at Patrick said that this estimate was realistic. Most of the military mechanics are first-term enlistees who receive on-the-job training. In addition, military duties take some of their time.

Vehicle operating expenses and other costs (such as space and utilities) would remain the same; therefore, GSA estimated the savings in personnel costs at Patrick as follows:

## Patrick costs to be eliminated:

Salaries--84 positions:

Civilian--47 positions	\$768,728
Military--37 positions	<u>461,148</u>

\$1,229,876

## GSA incremental costs:

Salaries--52 positions

836,583

Annual savings to the  
Government

\$ 393,293

Civilian employees at Patrick would be transferred to the GSA interagency motor pool, and military personnel would be reassigned by the Air Force.

Cape Canaveral facility

Cape Canaveral Air Force Station is operated by a contractor, Pan American World Airways, under a contract. Station operations are under the control of the Air Force Eastern Test Range, headquartered at Patrick.

At the time of the GSA study, 582 general-purpose and 1,132 special-purpose vehicles were assigned to Cape Canaveral. The contractor's internal report that GSA used to make a cost analysis contained only direct operating and maintenance costs for general-purpose vehicles. GSA estimated indirect and overhead costs based on experience with other Government contractors and included \$497,904 for vehicle depreciation. After GSA adjustments, the contractor's cost to operate general-purpose vehicles was \$1,314,838, or \$0.3259 per mile. GSA compared the contractor's adjusted cost to GSA's estimated lease charges of \$911,037 a year and estimated annual savings of \$403,801.

Contractor officials felt that GSA should have used the Pan American "Motor Vehicle Operation and Cost Data Report," which contains indirect and overhead costs. The contractor's reported cost per mile, which did not include depreciation, for the 12-month period ended March 31, 1976, was \$0.1591, or \$0.1668 less than GSA's adjusted cost.

We compared GSA costs per mile at the Cape Kennedy interagency motor pool, excluding depreciation and accident damage, to the contractor's reported cost per mile. This comparison shows that GSA could operate and maintain the vehicles for about \$79,000 less than the contractor's cost.

	<u>Number of vehicles</u>	<u>Cost of operation and maintenance</u>	<u>Miles operated</u>	<u>Cost per mile</u>
Contractor	562	\$ 588,139	3,695,545	\$0.1591
GSA	1,211	1,399,468	10,010,476	<u>.1378</u>
				Difference--cost per mile
				<u><u>\$ .0213</u></u>
Total cost difference--\$0.0213 x 3,695,545 =				<u><u>\$78,715</u></u>

However, the contractor's reported cost per mile did not include all overhead and administrative costs. The contractor did not include the indirect labor of service station operators and vehicle maintenance schedulers; such overhead costs as communication expenses, accounting costs, and data processing costs; or expenses incurred by the Air Force for procurement, disposal, and management of vehicles. These expenses cannot be readily identified but should be considered in comparing GSA's cost with the contractor's. Therefore, we believe that \$79,000 is a conservative estimate of annual savings.

Potential for additional savings  
from consolidating Patrick and  
Cape Canaveral motor pools

In addition to the reduced personnel costs at Patrick and the reduced costs at Cape Canaveral, other savings could be realized through consolidation. A local GSA official said that savings are possible in parts procurement, from consolidation of specialty repair shops, and from improved vehicle use.

Repair facilities at Cape Canaveral, such as the paint and body shop, radiator shop, and corrosion control shop, could be used by interagency vehicles at the Kennedy Space Center. GSA does not currently have these facilities. A GSA official estimated annual savings of about \$38,500 from in-house body repair and painting (\$15,000), undercoating and rust care (\$13,500), and radiator repair (\$10,000). Also, GSA receives a 20-percent discount on spare parts, and if the fleet size were expanded, it could procure parts in greater volumes at a 40-percent discount. A GSA official estimated that using the higher discount could save about \$10,000 to \$12,000 per year. In addition, a GSA official believed that savings could be realized from reduced commercial rentals through improved vehicle use among the three motor pools.

Local Air Force officials  
approve consolidation

An Air Force official at Patrick said that both Patrick and Cape Canaveral favored consolidation and recommended that it be implemented. The Air Force Systems Command has approved consolidation, and a local Air Force official believes it will be approved by the Air Staff. Patrick planned to begin consolidation in April 1977, and Cape Canaveral was to begin later in the year.

UNITED STATES OF AMERICA  
GENERAL SERVICES ADMINISTRATION  
WASHINGTON, DC 20405



September 15, 1977

Honorable Elmer B. Staats  
Comptroller General of the United States  
General Accounting Office  
Washington, DC 20548

Dear Mr. ~~Staats~~ *Chase*

As requested in Mr. Rothwell's letter of July 18, 1977, we have reviewed the General Accounting Office (GAO) draft report on opportunities to reduce the cost of Government vehicle operations (assignment code 943441). The proposed recommendations pertaining to GSA were (1) to report to Congress and the Office of Management and Budget (OMB) whenever funding restrictions impede the establishment of additional motor pools, (2) to review previous conditional exemptions from participation in the motor pool system, (3) to compel agencies opposing consolidation to justify their positions to OMB, and (4) to replace leased vehicles with Government-owned vehicles.

The criticisms stated by GAO in the report for the most part are valid. The problems cited have arisen primarily as the result of past personnel and funding restrictions within GSA. We are in basic agreement with the recommendations in the draft report and anticipate taking the necessary actions to correct the problems.

As part of our efforts in the motor pool area, we have recently proposed legislative changes which will allow for replacement cost financing and for retention of earnings within the General Supply Fund. These changes represent solutions to the Interagency Motor Pool Systems' funding problems but will require several years after legislative enactment to fully implement. The proposed changes have been presented to OMB for their review prior to submission to Congress.

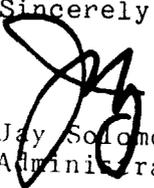
In addition to the above actions we anticipate taking the following steps:

*Keep Freedom in Your Future With U.S. Savings Bonds*

1. Institute plans for an agency by agency consolidation of administrative vehicles on a nationwide basis which will insure that sufficient personnel will be transferred to GSA and that the consolidations will be phased in over a period of time commensurate with our capability to absorb the new workload while assuring maintenance of a high level of service.
2. Direct GSA's Regional Offices to review previous vehicle exemptions with a view towards consolidating those vehicles.
3. Where exemptions are no longer justified and GSA and the other agencies cannot reach agreement, the question of continued exemption will be referred to OMB for resolution.
4. Since OMB and we realize that leasing is more expensive than ownership and is to be considered only an interim solution, replace the leased vehicles with Government-owned as soon as the above described legislative changes relieve the funding problem.

We are concerned with fulfilling our duly authorized responsibilities particularly as they relate to the motor pool system, and hope that the actions described above will resolve the problems cited in your report. We appreciate the opportunity to comment on the draft report and will be available to discuss any of our actions in more detail at your convenience.

Sincerely,



Jay Solomon  
Administrator

UNITED STATES DEPARTMENT OF AGRICULTURE  
FOREST SERVICE  
P.O. Box 2417  
Washington, D.C. 20013

1420

SEP 30 1977

Mr. Henry Eschwege, Director  
Community and Economic Development Division  
U.S. General Accounting Office  
Washington, D.C. 20548



Dear Mr. Eschwege:

The Secretary has asked the Forest Service to coordinate with the Soil Conservation Service in the review and reply to the draft report, "Opportunities to Reduce the Cost of Government Vehicle Operations" (943441-LCD-77-215).

Although both Agencies have some similar comments, there appears to be a need to provide the detailed response from each Agency to aid in the factual accuracy of the above report and to convey the points of concern. The response and clarification by Agency follows:

Soil Conservation Service (SCS)

The report recommends that GSA compel agencies opposing motor pool consolidation to justify their position to OMB. SCS provided this justification to OMB in 1964 and to GSA on a continuous basis, both prior to and since 1965. Final decisions on this matter have never been made.

SCS records have been audited on a number of occasions by both the Department and GAO. Our data still shows that SCS can operate its fleet at a considerable cost saving when compared to the cost of renting GSA vehicles. The excess cost to SCS if its entire fleet were consolidated with GSA would be in excess of 3 million dollars per year. This does not take into consideration any additional cost to GSA in managing additional SCS vehicles.

At present, SCS is participating in 54 GSA motor pools and, to date, we have transferred 562 vehicles to GSA. During FY 1976, we operated GSA motor pool vehicles 5,379,154 miles at an average cost to SCS of 13.74 cents per mile. During this same fiscal year, SCS drove its vehicles 87,834,331 miles at an average cost of 9.77 cents per mile. The use of GSA vehicles resulted in an additional cost to SCS of approximately \$195,989 for FY 1976. Since records were first maintained in 1960, the use of GSA vehicles has resulted in an additional

## APPENDIX IV

cost to SCS in excess of 2.2 million dollars. In addition to the increased dollar outlay, SCS personnel are required to care for GSA motor pool vehicles on assignment in the same manner they do vehicles in the SCS fleet. This includes purchase of gas and oil, inspections, repairs, and tires. We arrange and pay for storage when they cannot be stored at GSA pool locations. We make monthly reports to GSA. Thus, we see no advantages to SCS in the use of GSA vehicles.

The report estimates a savings of \$743,000 annually if the eight separate agency "motor pool" operations were included in GSA motor pools. We do not believe that these figures are true. In the case of SCS vehicles located in Lincoln, Nebraska, SCS would spend more appropriated funds to use GSA vehicles and more professional man-hours to obtain and maintain GSA vehicles. SCS overhead would remain the same since SCS would need to manage GSA vehicles. We would have the same number of personnel and SCS costs would not change.

Due to the physical location of motor pools in relation to our field offices, the nature of SCS transportation needs, and the cost differential between GSA vehicles assigned and on dispatch, a high percentage of SCS vehicle needs are supplied by GSA on full time assignment. The vehicles are usually checked out of the GSA pool and not returned to the pool until ready for sale by GSA. One of the reported advantages of a pool operation is cross utilization of vehicles between agencies. An analysis of the vehicle used by SCS confirms that to a large extent cross utilization between agencies is not achieved. Vehicles assigned to a particular location by GSA are not moved internally to other locations to equalize mileage since SCS does not control the assignment of these vehicles.

The report stipulated that a saving would result from the performance of most preventive maintenance in Government maintenance facilities. Consolidation not only causes an increase in GSA overhead, but would be in conflict with OMB Circular A-76 which calls for Government to contract for those items which would place it in direct competition with the private sector. SCS has most vehicle maintenance performed in private garages.

The report states that pooling would reduce the number of vehicles needed by agencies. Our experience does not support this contention. We believe that SCS would need the same number of vehicles whether assigned by GSA or owned by SCS. An average passenger vehicle costs SCS approximately .25 cents per working hour. The average employee costs SCS approximately \$7.60 per man hour. We see no saving to the Government for an employee waiting for a vehicle when the ratio of employee cost to vehicle cost is about 35 to 1. We believe the least expensive alternative is a vehicle available when needed.

The report directs attention to five GSA studies in 1973-1974 which showed a saving of about \$780,000. These studies, which included SCS vehicles, contained savings that reflected inflated cost figures. The cost figures provided by SCS to GSA were changed by GSA to high amounts which inflated the savings.

Chapter 4 suggests a need to conduct more studies. Nowhere in this study is the cost of the studies themselves addressed. There is a substantial input of time and effort by agencies in making the studies. The format of the studies in all cases is the same. GSA makes no attempt to isolate management, location, or other problems in their studies. It appears that figures are merely filled into a standard format, and sent to the participating agencies to comply. We do not believe the studies to be a true reflection of existing conditions.

Appendix II for Lincoln, Nebraska, provides that SCS operates a motor pool. SCS does not operate motor pools. SCS maintains 42 vehicles which are assigned to approximately 300 employees in ten different offices within the City of Lincoln. Even if we participated in the GSA motor pool, these 42 vehicles would be assigned to SCS on a continuing basis. We fail to see any saving in turning SCS vehicles over to GSA, then renting them back at increased cost including in many cases parking costs.

The appendix states that SCS did not have an exemption from GSA or OMB excluding their vehicles from the Lincoln motor pool. SCS has been temporarily exempted from all motor pools by GSA since 1966. In this case, we were not advised of a determination to establish a GSA motor pool at Lincoln. We were also not advised by GSA that we were to be included or excluded.

#### Forest Service (FS)

Over the years, FS has participated and continue to participate in many of the established GSA motor pools. In most cases, this has proven to be reasonably convenient adequate service, economical for FS and economical for the Government.

During the same period, we have requested and received approval to be excluded from many GSA motor pools. All of these exemptions were based on GSA policies and practices which are not economic or reasonable for FS and the Government, for example:

1. Motor pool study areas which are determined without regard to FS administrative geographical boundaries.

2. No consideration is given for certain remote areas where the Government must continue to operate vehicle repair shops where no commercial facilities are available within a reasonable travel distance.

3. Not taking into motor pools heavy construction equipment or other specialized equipment such as firefighting equipment.

4. The past record or existing GSA motor pools does not provide all of the real advantages gained from a true motor pooling concept.

The following statements provide explanation for the above points:

GSA Motor Pool Study Areas. In several cases where GSA has established an Inter-agency Motor Pool, the prescribed boundaries have frequently cut across FS geographical areas of responsibility. This has complicated the administration and management of the FS overall motor equipment fleet and the associated equipment support services required to serve our programs. An example of this would be a National Forest area located within five different counties and the motor pool area selected by GSA which would only include three of those counties. Operation of an FS fleet for the small remainder of the unit becomes uneconomic but must be maintained.

Vehicle Maintenance Facilities. In many areas where FS has program responsibilities, there are no commercial repair facilities available within a reasonable travel distance or the facilities available are inadequate. In these cases, FS must operate repair facilities in order to meet program objectives. In the past, the GSA has not given proper consideration to this problem. We must have adequate maintenance facilities available to meet our responsibilities, particularly during fire emergencies, and also to ensure the accomplishment of our normal program of work in remote areas.

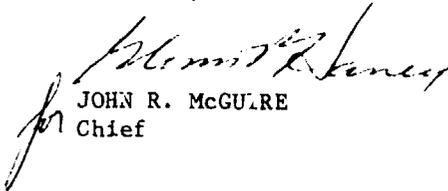
Heavy Equipment and Specialized Equipment. FS owns, maintains, and operates a large amount of heavy construction equipment. GSA policy does not include taking this kind of equipment into their motor pools. This leaves FS with the responsibility of staffing to procure, manage, maintain, and operate the heavy equipment fleet. A minimum number of people are necessary to perform these functions effectively, and removing the motor vehicles from the fleet would in these cases be costly and inefficient to FS and the Government.

In addition to this, FS has a large amount of specialized equipment such as fire suppression equipment, reforestation equipment, and trail construction equipment. Much of this equipment is manufactured especially for FS. This equipment requires special input from "line" management, functional specialists, engineers, and our fleet managers to develop, procure, operate, and maintain this equipment. It is necessary to ensure the compatibility of special equipment with the total composition of the fleet. Removing the ownership of motor vehicles from FS does not significantly reduce overall fleet management and will again impact management and increase costs.

Motor Pooling Concept. In many of the existing GSA motor pools FS has been permanently assigned an equal number of motor vehicles as were turned in by FS. This was necessary to accomplish programs. The vehicles have to be located throughout the motor pool area at outlying FS headquarters to be useful. This means FS employees are still responsible for management and maintenance of these vehicles, and the cost of these services is not reflected in the use rates or in the costs noted in the study report. Therefore, all of the benefits normally expected from the motor pool concept are not really received. A good example of this would be the Denver Motor Pool and FS Regional Office in Denver. This Regional Office keeps 40 plus vehicles on permanent assignment, year-round, just a few blocks from GSA pool. FS is responsible for dispatching, inspecting, and maintaining these vehicles. The motor pool manager encourages permanent assignment by stating that dispatch vehicles may not be available on an as needed basis.

In summary, FS should be included in all GSA motor pools where program performance can be effectively supported and costs prove to be economic for the Government. There must continue to be a way to appeal inclusion in a GSA motor pool on a basis of true total costs and/or program performance. Justification to Congress for routine replacement of vehicles would seem to be an unnecessary additional burden upon Congress and the Agencies if the recommendations to the Administrator of GSA are adopted.

Sincerely,

  
JOHN R. MCGUIRE  
Chief



MANPOWER,  
RESERVE AFFAIRS  
AND LOGISTICS

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D. C. 20301

AUG 8 1977

Mr. Fred Shafer  
Director, Logistics and  
Communications Division  
U.S. General Accounting Office  
Washington, D. C. 20548

Dear Mr. Shafer:

This is to acknowledge receipt of your draft report to the Congress,  
dated July 18, 1977, "Opportunities to Reduce the Cost of Government  
Vehicle Operations" (OSD Case #4673).

Sincerely,

PAUL H. RILEY  
Deputy Assistant Secretary of Defense  
(Supply, Maintenance & Services)

GAO note: The Department of Defense liaison office informed us that since there were no recommendations for Defense, they would not comment on the report.



DEPARTMENT OF THE ARMY  
OFFICE OF THE CHIEF OF ENGINEERS  
WASHINGTON, D.C. 20314

REPLY TO  
ATTENTION OF:

DAEN-ASV

6 October 1977

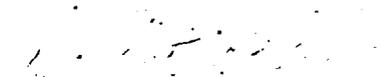
Mr. Ciro Farina  
Assistant Commissioner  
Office of Transportation and Public Utilities  
Federal Supply Service  
General Services Administration  
Washington, D. C. 20406

Dear Mr. Farina:

Comments attached as inclosure No. 1 are provided for your consideration in connection with the GAO draft report titled "Opportunities to Reduce the Cost of Government Vehicle Operations" No. LCD 77-125. The comments were developed from a detailed review performed subsequent to the Department of Defense's reply to the GAO report and have been discussed with representatives from both the Departments of Defense and Army.

Also attached you will find a letter, inclosure No. 2, from Brigadier General Roush, which we feel supports our contention of ongoing administrative cost to the Corps of Engineers when motor pool vehicle services are acquired through the Interagency Motor Pool Complex. Formal submission of General Roush's letter was forwarded under separate cover for your comments.

Sincerely,

  
ROBT. W. BLAKELEY, Chief  
Office of Administrative Services

- 2 Incls  
1. Comments on GAO Draft Rpt.  
2. General Roush's ltr 16 Sep 77

Information Copies:

OASD(MR&L)TD Rm 3C-838 Pentagon  
OASA(IL&FM) Rm 3E-619 Pentagon

GAO (Mr. P. Spitz) Rm 5832



COMMENTS ON GAO DRAFT REPORT "OPPORTUNITIES TO REDUCE THE  
COST OF GOVERNMENT VEHICLE OPERATIONS"

KANSAS CITY DISTRICT

In the first GSA Study (1955), the case was referred to OMB for final decision. OMB ruled in favor of the Corps, stating "the reason for the decision is that the GSA determination was found to be based upon incomplete information and substantial misunderstandings concerning comparative costs of operating and maintaining these vehicles. The cost computations appear to be based upon the assumption that leased space for storage and repair of these vehicles could be made available elsewhere, resulting in both rental and personnel savings" (OMB letter 12 July 1956).

Current Situation:

a. To effect a savings in facility cost (Bldgs-Real Property), GSA has recommended the relocation of our drill rig vehicle storage facility from a fenced parking lot on Walnut Street to their facility on Banister Road, an additional driving distance of 17 1/2 miles one way. Drill crews, drill rig vehicle maintenance and drill rig warehousing would remain on Walnut Street.

b. GSA also proposes the closing of our motor pool, storage, POL serving, dispatch and maintenance facility on Walnut Street by transferring some 120 Corps-owned vehicles into the basement of the Federal Building.

Opposing Comments:

a. The total cost of the CE facilities recommended for closing is \$18,000 p/a. Estimated reimbursable cost to GSA/PBS for vehicle storage facilities within the Federal Building will be \$25,000 p/a. Additional cost to the Corps for the Banister Road (drill rig parking) location, a maintenance/storage facility for transit Corps-owned field vehicles and the displaced motor pool personnel that would be retained by the Kansas City District has not been assessed as yet.

b. The personnel cost of \$125,108, subsequently reduced by \$47,008 and verified during GAO visit July 1977, supports 540 Corps-owned vehicles. GSA's recommended transfer of 120 vehicles would not eliminate/effect any portion of the \$125,108/\$78,100 currently expended on the 420 Corps-owned field vehicles retained. GAO's statement with respect to the elimination of 10 CE personnel was not concurred in by GSA when this item was discussed with the Corps of Engineers.

St. LOUIS DISTRICT

First study was conducted 1955-56 wherein the Administrator, GSA stated "vehicles reported by the St. Louis District have been determined to be situated in an area not readily available for pooling" (GSA St. Louis Determination 12 January 1979).

## Current Situation:

A new study was recently conducted by GSA, however the results and a new Determination have not yet been published. The Determination, when released should include an outline of their proposed operation and analytical cost comparison. CE comments prior to the receipt of the new GSA Determination are considered inappropriate.

TULSA DISTRICT

The original GSA study for this area was conducted 1964-65. The GSA Form T-95 submitted by the Tulsa District denoted costs of \$76,000. However, when published, the GSA Determination, Exhibit 4, "Recapitulation of Reported Agency Cost" indicated that the Tulsa District had reported an operating cost of \$117,000. GSA further stated that similar service through the Interagency Motor Pool could be obtained for \$90,000 whereupon the Tulsa District would realize an annual savings of \$27,000. An audit, requested by OCE and performed by the Southwestern Engineer Division certified to the accuracy of Tulsa's original cost submission.

While the cited audit was in progress, GSA voluntarily reduced the Reported Cost of the Tulsa District to \$87,000 stating their error was attributed to a "Misplaced Decimal Point". Whereas the correction (minus \$30,000) did not equal the overstatement claimed by OCE, this office requested a thirty day extension to prepare a formal appeal to OMB. In October 1966 a GSA official meeting with the Assistant Secretary of Army (Civil Works) stated a formal hearing before OMB would not be necessary. The same official also stated that pending further joint studies the Tulsa District would remain exempt. In the absence of "further joint studies" the Tulsa District has retained that exemption.

WATERWAYS EXPERIMENT STATION (VICKSBURG)

In 1960, DOD informed the Administrator, GSA that the Waterways Experiment Station (WES) was a military installation and was to be exempt under the exemption provisions of Executive Order 10579.

## Current Situation:

In 1975 GSA requested DOD permission to conduct a joint study of the Maintenance Facilities at WES and the GSA Motor Pool facilities at Vicksburg. GSA stated that they were planning to build a new maintenance shop in Vicksburg and thought that one large Government-owned facility properly placed might service the maintenance requirements of both agencies. Following a three day study conducted exclusively at WES, GSA made the following recommendations to the Corps of Engineers, (1) WES would become a member of the Vicksburg Interagency

Motor Pool, (2) the Vicksburg Interagency Motor Pool would be transferred from its downtown Vicksburg location, 7 1/2 miles to WES, (3) WES was to put on commercial contract all non-automotive maintenance currently accomplished at the WES maintenance shop. (The latter would release some 40% of the shop area and maintenance personnel to service the 150 GSA vehicles that would be subsequently added), (4) GSA further recommended that the Vicksburg District also transfer unto the GSA Vicksburg Pool some 450 Corps-owned field vehicles that were exempt, (5) that a U-Drive Dispatch facility would be established at the Jackson Airport to service the transit needs of WES. Also not mentioned in the GAO report is that GSA is currently under a court order to vacate their present facilities at Crawford and Walnut, a situation which we feel has a significant effect on the above proposals.

#### Opposing Comments:

At the conclusion of the three day GSA study noted above, WES advised the GSA representatives of their concern with respect to: (1) GSA's planned use of the facilities at WES without any provisions for GSA reimbursement, (2) that WES's maintenance and storage facilities could not accommodate the size of fleet GSA planned to support, (3) the proposed relocation of the Interagency Motor Pool would impair the planned expansion/new missions at WES, (4) the added operational cost that would be incurred by the Corps in securing contractual maintenance for non-automotive equipment, (5) the fact that the city of Vicksburg, with a population of less than 15,000 people would be unable to support the maintenance functions GSA recommended be placed on commercial contract, (6) the lack of public transportation or the means by which the agencies inside Vicksburg could utilize the overnight storage, dispatch, and maintenance facilities GSA proposed to establish at WES, (7) added traffic congestion, expanded security problems, and (8) the legal implications of having foreign visitors using U-Drive vehicles between Jackson, Vicksburg and the Waterways Experiment Station, not to mention the discourtesy of such an act to a foreign government. Following receipt of the published report of the GSA study WES noted, (1) none of the items, (1) thru (8) above were addressed, (2) there were several errors in the GSA cost recapitulation, duplicate entries, omissions of mileage and vehicle accessories, and (3) the increased cost that would be incurred by WES, Corps-owned versus GSA rental rate cost comparison.

In the preceding comments we have described and addressed situations and GSA recommendations that existed at the time of the GAO study but were not mentioned in the GAO draft report. We feel the comments are germane and would have a significant effect on any conclusions or recommendations presented by GAO.



PODDE

DEPARTMENT OF THE ARMY  
 PACIFIC OCEAN DIVISION, CORPS OF ENGINEERS  
 BUILDING 200  
 FT. SHAFTER, HAWAII 96958

16 September 1977

SUBJECT: Inadequate Support from GSA

Deputy Chief of Engineers  
 Department of the Army  
 Washington, D. C. 20314

1. This letter is to release frustration built up over the past two years resulting from very slow response by GSA Region 9 in providing support for POD. Three general areas will be discussed: real estate activities, procurement of materials for family housing projects and vehicles:

a. The time it takes GSA to consummate leases has been a hinderance to recruiting facilities programs as well as to the efficient execution of the recruiting program by all the Armed Services. It should be realized that prompt action is of utmost importance in obtaining space in areas where suitable commercial spaces are at a premium.

(1) The relocation of US Army Waikiki Recruiting Station has been pending since July 1974. The lease was finally signed on 12 September, and during this period of time several choice locations were lost because GSA could not lease in a timely manner.

(2) Establishment of an army recruiting station in Pago Pago, American Samoa, was delayed because of GSA's unwillingness to send a representative on TDY. The leg work was done by the Honolulu District Recruiting Command and three prospective lessors found in January 1976. In lieu of negotiating a lease, GSA sent out a solicitation for offers but here, too, no GSA representative was on the spot who could answer questions regarding the solicitation. It was not until October 1976, after a GSA representative had gone to Samoa, that a lease was consummated.

(3) The complete lack of action by GSA Region 9 also caused disruption of operation at the Army Recruiting Station in Agana, Guam. The administration of this facility, which was being done by the Corps since 1969, was turned over to GSA in

PODDE

SUBJECT: Inadequate Support from GSA

January 1975. Although GSA was given all necessary information and ample time to effect an orderly transition, no action was taken until this division started to receive complaints and threats for nonpayment of rental, electricity and janitorial service. This station, consequently, was subjected to periods without electricity or janitorial service, not to mention the ill feelings of the landlord and those providing service and the bad reflection cast on the U. S. Government.

b. We recently completed 340 units of family housing at Schofield Barracks. All of the heating elements in the cooking ranges, which were GSA-supplied, had to be replaced because they were not compatible with the local power source. This situation arose in spite of several inquiries on the matter prior to installation in which we were assured by GSA that the ranges would function properly. We had to replace the 2,560 heating elements by separate contract which cost the government \$23,680. At Aliamanu where we are constructing 2,600 units of family housing, the same situation arose. After demonstrating the inadequacy of the GSA range to local GSA representatives, they agreed to replace the 10,400 elements. The local GSA representatives have been very cooperative in this matter; however, we must point out that we have diverted inspectors, student aides, and a supply clerk to rectify the problem. When the replacement is completed, it will have cost us an additional \$10,000 in labor.

c. Perhaps the most frustrating and irritating matter involves the vehicles leased from GSA for various uses. Since October 1975, we have been asking GSA for 12 vehicles to add to the 26 we had. First, GSA replied that we should be more efficient with the 26. After we justified our request in considerable detail, GSA approved in May 1977 the lease of 12 vehicles for one year but stipulated that the passenger vehicles must get 18 miles per gallon. This contract is nearing award, two years after the need arose. In the meantime, we borrow six military vehicles from US Army Support Command, Hawaii. Now our total need is 41 vehicles. GSA has been able to provide three more, but we still need 12 more. Five of the 28 GSA vehicles we do have are in serious need of repainting and body work. Recently one pickup truck finally had its tailgate replaced, but only after it was completely rusted through. The condition of these vehicles gives a very poor image to the public relative to the Corps of Engineers' manner of upkeep of property. On 13 July 1977, one of these vehicles quit in the middle of our busiest freeway. The driver had a dangerous struggle to get the vehicle off to the side without causing a serious multiple car accident. Examination of the car showed that the points had malfunctioned, a situation which is indicative of cursory maintenance. Last week, we were given new replacements for two vehicles and were promised eight more in early 1978. Still our total vehicle needs cannot be met and we must arrange the separate contract lease of 12 vehicles.

PODDE

SUBJECT: Inadequate Support from GSA

2. I would like to stress that local GSA representatives have been cooperative and have tried hard to be responsive. They apparently lack the wherewithal to be responsive. It is requested that OCE coordinate with GSA for more responsive GSA support.



MAURICE D. ROUSH  
Brigadier General, US Army  
Division Engineer

CF:

Mr Jack Bauer, Gen Svc Admin, P. O. Box 50107 (PJKK Rm6115) Honolulu, HI 96850

PRINCIPAL OFFICIALS  
RESPONSIBLE FOR ADMINISTERING  
ACTIVITIES DISCUSSED IN THIS REPORT

Tenure of office  
From To

GENERAL SERVICES ADMINISTRATION

ADMINISTRATOR OF GENERAL SERVICES:

Joel W. Solomon	Apr. 1977	Present
Robert T. Griffin (acting)	Feb. 1977	Apr. 1977
Jack Eckerd	Nov. 1975	Feb. 1977
Dwight A. Ink (acting)	Oct. 1975	Nov. 1975
Arthur F. Sampson	June 1972	Oct. 1975

DEPARTMENT OF DEFENSE

SECRETARY OF DEFENSE:

Harold Brown	Jan. 1977	Present
Donald H. Rumsfeld	Nov. 1975	Jan. 1977
James R. Schlesinger	July 1973	Nov. 1975
William P. Clements, Jr. (acting)	Apr. 1973	July 1973
Elliot L. Richardson	Jan. 1973	Apr. 1973

SECRETARY OF THE ARMY:

Clifford L. Alexander, Jr.	Feb. 1977	Present
Martin R. Hoffmann	Aug. 1975	Feb. 1977
Howard H. Callaway	June 1973	July 1975

SECRETARY OF THE AIR FORCE:

John C. Stetson	Apr. 1977	Present
Thomas C. Reed	Jan. 1976	Apr. 1977
James W. Plummer (acting)	Nov. 1975	Jan. 1976
Dr. John L. McLucas	July 1973	Nov. 1975

DEPARTMENT OF THE INTERIOR

SECRETARY OF THE INTERIOR:

Cecil D. Andrus	Jan. 1977	Present
Thomas S. Kleppe	Oct. 1975	Jan. 1977
D. Kent Frizzell (acting)	May 1975	Oct. 1975
Rogers C. B. Morton	June 1971	May 1975

<u>Tenure of office</u>	
<u>From</u>	<u>To</u>

DEPARTMENT OF AGRICULTURE

SECRETARY OF AGRICULTURE:

Bob Bergland	Jan. 1977	Present
John A. Knebel	Nov. 1976	Jan. 1977
John A. Knebel (acting)	Oct. 1976	Nov. 1976
Earl L. Butz	Dec. 1971	Oct. 1976

OFFICE OF MANAGEMENT AND BUDGET

DIRECTOR:

James T. McIntyre, Jr. (acting)	Sept. 1977	Present
Thomas B. Lance	Jan. 1977	Sept. 1977
James R. Lynn	Feb. 1975	Jan. 1977

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